

KENTUCKY DISTRICT OFFICE

2010-2



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Helping small businesses start, grow and succeed.



Your Small Business Resource

Small Business Sector Paves Recovery Road

By Steven Ayers, Kentucky District Director

America's small business sector has most certainly solidified its role as our nation's "Jobs Factory" by generating two-thirds of the net new jobs over the last 15 years. And, as we continue our journey on the road to economic recovery, make no mistake—recovery road will no doubt be paved by the main street small business community!

While we are clearly on the road to recovery, we expect it to be a slow journey due to high unemployment rates. We still have a long way to go to fully restore our economy. Obviously, the end date of a recession and a full economic recovery are two separate and distinct milestones. What we really want to do is compress the timeline between the two. It will take robust and sustained growth to create enough jobs to drive the unemployment rate down dramatically where we want it to go. This is the platform where SBA and its lending & resource partners can continue to make a

difference. I am pleased to report that with the help of SBA's Recovery Act program enhancements, we have significantly accelerated our rate of speed.

Overall, in the Kentucky Market at the end of Q3 (June 2010), the 517 total SBA loans approved for both 7(a) and 504 loans combined has already outpaced the total number for the entire year in FY 2009. Our total lending dollar volume of \$122.1 million has also outpaced last year's total.

In addition, our performance in our flagship 7(a) lending program and 504 loans both independently reflect this very positive trend outpacing last year's totals. Any way you want to look at it — total loans or dollar volume.

Although we are most certainly not back up to the all-time record pace of lending we saw in 2007 before the so called "great recession" hit us, a quick look back

in the rear view mirror shows the huge positive economic impact SBA lending has made in the Kentucky market over the last six ears! That total comes to 5286 loans valued at more than \$743 million!

Now, more than ever, we believe that SBA's loan guarantee products and the value proposition they bring can provide an effective "on ramp" for our lending partners to help accelerate the recovery effort in small business lending and create jobs. The SBA Kentucky District and our dedicated team of resource and lending partners will continue to assist Kentucky's small business community as they pave the road to economic recovery.

Our number one goal is to help Kentucky's Jobs Factory, the small business community, to return to pre-recession production levels and record setting growth curves.

Small Business Health Care Tax Credit

Health reform legislation signed by President Obama includes a Small Business Health Care Tax Credit to help small businesses afford the cost of covering their workers. See how the Small Business Health Care Tax Credit might affect four hypothetical small businesses at <http://www.whitehouse.gov/healthreform/small-business/tax-credit/cases>

Key Facts about the Small Business Health Care Tax Credit

- The tax credit, which is effective immediately, can cover up to 35 percent of the premiums a small business pays to cover its workers. In 2014, the rate will increase to 50 percent.
- The Congressional Budget Office estimates that the tax credit will save small businesses \$40 billion by 2019. Both small for-profit businesses and small not-for-profit organizations are eligible.

Key Elements

- **Available Immediately.** The credit is effective January 1, 2010. As a result, small businesses that provide health care for their workers will receive immediate help with their premium costs, and additional firms that initiate coverage this year will get a tax cut as well.
- **Broad Eligibility.** The Council of Economic Advisors estimates that 4 million small businesses are eligible for the credit if they provide health care to their workers. Qualifying firms must have less than the equivalent of 25 full-time workers (e.g., a firm with fewer than 50 half-time workers would be eligible), pay average annual wages below \$50,000, and cover at least 50 percent of the cost of health care coverage for their workers.
- **Substantial Benefit.** The credit is worth up to 35 percent of a small business's premium costs in 2010. On January 1, 2014, this rate increases to 50 per-

cent.

• **Non-Profits Eligible.** Tax-exempt organizations are eligible for a 25 percent tax credit in 2010. In 2014, this rate increases to 35 percent. (The credit rates are lower for nonprofits to ensure that the value of the credit is approximately equal to that provided to for-profit firms that cannot claim a tax deduction for the amount of the credit claimed.)

• **Gradual Phase-Outs.** The credit phases out gradually for firms with average wages between \$25,000 and \$50,000 and for firms with the equivalent of between 10 and 25 full-time workers.

Premium Cost Eligibility. To avoid an incentive to choose a high-cost plan, an employer's eligible contribution is limited to the average cost of health insurance in that state.

Excerpted from: <http://www.whitehouse.gov/healthreform>

June 28, 2010

SBA Announces Funding Available to Support Regional Clusters, Job Creation

1. What is a regional cluster? A regional cluster is a geographically-bounded, active network of similar, synergistic or complementary organizations engaged in or with a particular industry sector, with active channels for business transactions, communications, and dialogue that share specialized infrastructure, labor markets and services and that are located within a defined geographic region.

A cluster's region may cross municipal, county, and other jurisdictional boundaries. A cluster often encompasses local universities, government research centers, and/or other research and development (R&D) resources, which serve as catalysts of innovation and drivers of regional economic growth. In addition, participants in the cluster may have strategic partnerships with entities outside of the cluster's geographic region. A successful cluster will leverage the region's unique competitive strengths and find ways to nurture networks for business financing, business-to-business sales, education, and workforce development. These networks work in concert with local governments, venture capitalists, private banks, workforce investment boards, non-profit organizations, institutions of higher education (including community colleges), and other public and private agencies and institutions.

2. Who can submit an offer for a contract? Proposals should be submitted by the cluster or the cluster's representative or coordinating entity, which will be responsible for performing the services set forth in the proposal, such as business training, commercialization and technology transfer services, counseling, mentoring and other services that support the growth and development of small businesses in the cluster area and its industries.

3. What's the difference between the two programs? The Regional Innovation Clusters (RIC) program is non-specific to a particular technology or industry. This program seeks to leverage the organic, bottom-up nature in which clusters most typically form. While SBA does not specify which technology or industry a cluster specializes in, a cluster must be focused on a technology or industry.

The Advanced Defense Technology (ADT) program seeks clusters that specialize in defense-specific technologies.

4. Can I compete under both programs? Offerors may compete under only one program.

5. What are the requirements? SBA will select community/regional initiatives across the country that meet criteria specified in the Statement of Work.

Offerors to the Regional Innovation Clusters program will be asked to demonstrate that they have the partnerships, technical capacity and local assets to support their existing regional cluster. SBA will assess Regional Innovation Clusters by the impact the cluster has on the region's economic growth, creation of sustainable jobs and the opportunities the Regional Innovation Cluster provides for small businesses.

Offerors to the Advanced Defense Technologies program should work in areas with high-growth potential that meet critical defense technology needs, including, but not limited to, advanced robotics, advanced defense systems, power/energy innovations, cyber-security and applied lightweight materials.

For the ADT program, experience working with DOD's Small Business Innovative Research program and defense technology development programs is preferred. Offerors with Defense Security Service Facility Clearances who can hold security clearances and discuss classified material on site are also preferred but not required.

Successful offerors under both programs will receive one-year contracts with an option for an additional year.

6. Where can I find more information? More information will be available shortly! SBA will issue the Solicitation on or about July 7, 2010, and it will be available on www.fedbizopps.gov.

In addition, SBA will have information webinars for interested offerors.

7. When is the application deadline? We anticipate that the due date for proposals will be 5:00 pm EDT, Friday, August 13, 2010. However, prospective Offerors should monitor www.fedbizopps.gov for any amendments.

U. S. Small Business
Administration

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SAVE THE DATE

KY LENDERS CONFERENCE

NOVEMBER 11, 2010

GOLF SCRABBLE
AT
WILDWOOD COUNTRY CLUB,
LOUISVILLE, KY

NOVEMBER 12, 2010

KEYNOTE SPEAKER
JESS KNOX, ASSOCIATE ADMINISTRATOR
OFFICE OF FIELD OPERATIONS
WASHINGTON, D.C.

FRANK PUCCI
CENTER DIRECTOR
7a PROCESSING/ 504
CITRUS HEIGHTS, CA
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HOLLIS CARTER, SUPERVISOR LOAN
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Helping small businesses
start, grow and succeed.

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New Procurement Center Representative Introduced

The Kentucky District Office welcomes Angela Lefas-Huhn who was chosen as Procurement Center Representative (PCR) for the states of Kentucky and Tennessee. Angela was Chief of Contracting at the Homestead Air Force Reserve Command, Homestead, Florida. Angela is coming to SBA as a highly qualified Level III Certified Contracting Officer. She has 26 years with the government. Her twenty-six years of experience with the government has been directly related to assisting the small business community as a Contract Specialist, Procurement Analyst, Contract Negotiator, Acquisition Manager, Contract Manager of Small Business and Competition/Commercial Advocacy Programs and Chief of Contracting. She is a 1984 Cum Laude graduate of Eastern Michigan University with a BS Degree in Business Marketing. Angela will also have collateral duties as a Size Specialist.

Contact Information:

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A New Resource Available for Kentucky Small Businesses

The mission at <http://www.KyBizInfo.com> is to help Kentucky small businesses and would-be entrepreneurs grow successful ventures by providing free, easy access to the help they need, when they need it!

How do we help Kentucky small business? KyBizInfo connects a network of hundreds of non-profit Resource Partners that provide business-building services to one another and to the Kentucky small businesses and aspiring entrepreneurs in need of assistance.

Our Kentucky non-profit Resource Partners offer a wide range of small business services, including:

- *Business Plan Development**
- *Small Business Permits, Licenses, and Regulations**
- *Loan Programs and Financing**
- *Seminars and Business Workshops**
- *Economic Development**
- *Marketing Planning and Assistance**
- *Assistance with Government Contracting**
- *Management Assessments and Tools**

Find the assistance that your Kentucky small business needs by conducting a free online search using The Resource Navigator. Or, if you prefer, call us toll-free within the state of Kentucky at 1-877-592-4946.

Our Staff:

Kevin Norvell, Program Director
Jenny Case, Program Coordinator

KyBizInfo is administered by the Kentucky Small Business Development Center and was launched with funding support from the Commonwealth Small Business Development Corporation.

New Tools for Small Businesses

Recovery Act Opportunities: How to Win Federal Contracts training course:
www.sba.gov/fedcontractingtraining

The course is indexed by subject matter to allow ease of use, and it includes multiple direct links to additional contracting resources.